

The Medigap Consumer Protection Act of 2018

Approximately 12 million Medicare beneficiaries purchase supplemental Medigap policies to help reduce out-of-pocket costs and provide benefits not currently covered by Medicare. This coverage is important to ensuring the health and financial security of millions seniors and individuals who qualify for Medicare due to disability or end-stage renal disease (“ESRD”).

Unfortunately, existing federal laws governing the Medigap market fail to ensure that all beneficiaries have access to high-quality, affordable supplemental coverage. In particular, Medicare beneficiaries with disabilities or ESRD are often subjected to eligibility and pricing discrimination by plan issuers, and millions of seniors face daunting challenges navigating a complex marketplace with consumer protection laws that vary between states.

The Medigap Consumer Protection Act provides for a long overdue reform of the laws governing the Medigap supplemental coverage market.

- **Guaranteed Issue:** Strengthens federal consumer protections to ensure that Medicare beneficiaries with disabilities and ESRD can purchase a Medigap policy without being denied coverage or subjected to higher premiums based on their health status. To prevent disruption to the current market, the Secretary of Health and Human Services (“HHS”) would be granted authority to phase in this reform over a five-year period. The bill would also extend protections to beneficiaries not currently subject to federal guaranteed issue provisions, including those enrolled in Medicare Advantage for more than 12 months who wish to switch back to the traditional Medicare program.
- **Medical Loss Ratio:** Calls on the National Association of Insurance Commissioners (“NAIC”) to review and improve medical loss ratio (“MLR”) requirements, which limit the percentage of premium dollars insurers can spend on administration, overhead, and profits. Any changes to the MLR must be at least as strong as current law, which currently requires a ratio of 65 percent for individual Medigap policies and 75 percent for group Medigap policies.
- **Pricing Discrimination:** Calls on the NAIC to review pricing standards in the Medigap market and prohibit the sale of policies that discriminate based on the age of individuals.
- **Medicare Plan Finder:** Requires the Secretary of HHS to conduct a comprehensive overhaul of the Plan Finder website to ensure that beneficiaries have access to complete and understandable information when comparing Medicare enrollment options. This will ensure that consumers are fully informed of the tradeoffs between coverage options, including differences in out-of-pocket costs and Medicare Advantage provider networks. The bill would also require HHS to periodically review and update Plan Finder, while providing opportunity for public comment from consumer representatives and other interested stakeholders.
- **First-Dollar Coverage:** Restores access to the two most popular Medigap policies (Plans C and F), which provide first-dollar coverage of the Part A and B deductibles. Under current law, these plans will be eliminated for beneficiaries who enroll in Medicare after January 1, 2020.
- **Broker Transparency:** Requires issuers to disclose payments made to Medigap brokers and agents. This information will be publicly available to consumers on the Open Payments website created by the Affordable Care Act.

Representative Sander M. Levin, Ranking Member of the Ways & Means Subcommittee on Health